

Hearing Date and Time: August 21, 2013 at 10:00 a.m.

Objection Date and Time: August 14, 2013 at 4:00 p.m.

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

IN RE:

LEHMAN BROTHERS HOLDINGS INC., ET AL.,

Debtors.

CHAPTER 11

Case No. 08-13555 (JMP)

(Jointly Administered)

**OBJECTION OF U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE,
TO MOTION OF LEHMAN BROTHERS HOLDINGS INC. PURSUANT
TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE AND SECTION 105(a) OF THE BANKRUPTCY CODE FOR
APPROVAL OF PARTIAL SETTLEMENT AGREEMENTS RELATING
TO CERTAIN CREDIT DEFAULT SWAP AGREEMENTS AND INDENTURES
SOLELY ON BEHALF OF CANYON VALUE REALIZATION FUND LP
WITH RESPECT TO THE EXUM RIDGE CBO 2007-1 SETTLEMENT AGREEMENT**

U.S. Bank National Association, as Trustee (“*U.S. Bank*” or the “*Trustee*”) by its undersigned attorneys, respectfully submits this objection (the “*Objection*”) to the Motion of Lehman Brothers Holdings Inc. (“*LBHI*”) Pursuant to Rule 9019 of the Federal Rules of Bankruptcy

Procedure and Section 105(a) of the Bankruptcy Code for Approval of Partial Settlement Agreements Relating to Certain Credit Default Swap Agreements and Indentures (the "*Motion*") [ECF 38757], solely on behalf of Canyon Value Realization Fund LP, with respect to the Exum Ridge CBO 2007-1 Settlement Agreement (the "*Noteholder*") and in support thereof, respectfully states as follows:¹

1. The Trustee is a party to that Indenture, dated as of March 8, 2007 (the "*Indenture*"), by and between Exum Ridge CBO 2007-1, Ltd. as Issuer (the "*Issuer*"), Exum Ridge CBO 2007-1, Corp., as Co-Issuer (the "*Co-Issuer*") and U.S. Bank National Association, as indenture trustee (the "*Trustee*").

2. The Issuer issued various classes of notes under the Indenture and entered into a credit swap agreement with Lehman Brothers Special Financing Inc. ("*LBSF*"). The transactions governed by the Indenture is sometimes referred to herein as the "*Transaction*".

3. The Trustee has been involved in a dispute with LBSF with regard to the priority of payment of a termination payment allegedly due and payable to LBSF under the terms of the credit swap agreement that is a material part of the Transaction.

4. The Trustee and LBSF entered into a partial Settlement Agreement with regard to the Transaction, subject to approval of this Court, which is the subject of the Motion.

5. On or about July 18, 2013, the Trustee sent a Notice to holders of the notes issued by the Issuer advising them of the Trustee's and LBSF's agreement for partial settlement of claims, informing them of the Motion and the terms of the partial settlement, and providing them with information as to how to object in the event they disagreed with the settlement offer (the "*Notice*").

¹ Terms not defined herein shall have the meaning ascribed to them in the Motion.

6. In response to the Notice, the Noteholder has represented and warranted to the Trustee that is a holder of a Class D Note in the Transaction (the “*Note*”) and duly directed the Trustee to file on its behalf, and solely with respect to the Exum Ridge CBO 2007-1 Settlement Agreement, this Objection.

7. The Trustee, on behalf of the Noteholder and solely with respect to the Transaction, rejects the offer of the Noteholder Settlement Amount in exchange for the Note and respectfully requests that the Noteholder be an Objecting Noteholder under the Transaction, subject to all the benefits and consequences thereof.

Dated: August 15, 2013
New York, New York

Respectfully submitted,

U.S. BANK NATIONAL ASSOCIATION, AS
TRUSTEE

By: s/ Craig M. Price
One of Its Attorneys